

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03 NSAE-00
NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 ACDA-07
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TO SECSTATE WASHDC 0439
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
SECDEF WASHDC
CHMN USDEL JBUSMC RIO DE JANEIRO
USCINCSO QUARRY HTS CZ
JCS WASHDC

C O N F I D E N T I A L BRASILIA 1842

E.O. 11652: GDS
TAGS: MASS, SHUM, PFOR, BR
SUBJECT: BRAZILIAN RENUCIATION OF SECURITY ASSISTANCE

REF: BRASILIA 1737 B. BRASILIA 1740 C. BRASILIA 0985

1. IT IS BECOMING INCREASINGLY EVIDENT HERE THAT GOB DID NOT THOROUGHLY CONSIDER POSSIBLE RAMIFICATIONS FOR ITS ARMED FORCES OF ITS RENUCIATION OF SECURITY ASSISTANCE. AS REF B INDICATED, MINISTRY OF THE ARMY SPOKESMAN DEFINED THE RENUNCIATION PUBLICLY AS SIMPLY A REFUSAL TO OPEN UP CREDITS, NOTING THAT OTHER FACETS OF MILITARY COOPERATION WOULD CONTINUE. YET ITAMARATY'S NOTE (REF A) RENOUNCED "SECURITY ASSISTANCE." (PRESS HAS CITED UNIDENTIFIED ITAMARATY SOURCE AS MENTIONING IMET AS WELL AS CREDITS.) WORKING LEVEL ITAMARATY OFFICER INDICATED MARCH 7 THAT MINISTRY WAS NOT ENTIRELY CLEAR ON WHETHER RENUNCIATION OF SECURITY ASSISTANCE ALSO MEANT USG WOULD NOT ALLOW BRAZIL TO MAKE FMS CASH PURCHASES.

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2. BRAZILIAN AIR FORCE VICE CHIEF OF STAFF TOLD DATT THEY EXPECT AMERICAN SOURCES OF SUPPLY FOR THE F-5 TO CONTINUE IN FY-78 DESPITE THE RENUNCIATION. BECAUSE OF THIS APPARENT BRAILIAN AIR FORCE BELIEF AND THE UNCERTAINTIES, I RAISED THE MATTER ON MARCH 7 FIRST WITH AMBASSADOR HOLANDA CAVALCANTI, SPECIAL ASSISTANT TO THE FOREIGN MINISTER, AND IMMEDIATELY THEREAFTER (IN THE SAME MEETING) WITH THE FOREIGN MINISTER.

AT FIRST, CAVALCANTI SAID THAT THE FACT THAT CASH SALES WERE INCLUDED HAD BEEN TAKEN INTO ACCOUNT WHEN THE GOB RENOUNCED SECURITY ASSISTANCE, BUT SUBSEQUENTLY HE BETRAYED SOME UNCERTAINTY. IN ANY EVENT, THE FOREIGN MINISTER SAID THE MATTER WOULD BE LOOKED INTO. I CONCLUDED THE CONVERSATION WITH SILVEIRA AND CAVALCANTI BY SAYING THAT IF THERE TURNED OUT TO BE A PROBLEM, I WANTED TO BE AS HELPFUL AS I COULD, IF THE GOB DESIRED, BUT COULD NOT MAKE ANY JUDGMENT ABOUT WHAT MIGHT BE POSSIBLE IN "LEGAL AND OTHER TERMS."

3. DEFINITION OF SECURITY ASSISTANCE UNDER TITLE III OF THE FOREIGN ASSISTANCE ACT AS AMENDED INDICATES SECURITY ASSISTANCE INCLUDES "SALES OF DEFENSE ARTICLES OR SERVICES, EXTENSION OF CREDITS (INCLUDING PARTICIPATION IN CREDITS AND GUARANTEES OF LOANS IN THE ARMS EXPORT CONTROL ACT ...) AND ANY LICESNE IN EFFECT WITH RESPECT TO DEFENSE ARTICLES OR SERVICES." I INTERPRET THIS TO MEAN CONGRESS MUST CONSIDER AND APPROVE HUMAN RIGHTS REPORT BEFORE ANY ASPECT OF FY-78 SECURITY ASSISTANCE CAN BE UTILIZED BY THE BRAZILIANS. IT THUS SEEMS THAT THE GOB WILL BE FACED WITH THE APPARENTLY UNEXPECTED PROSPECT THAT MAJOR US ORIGIN DEFENSE SYSTEMS LIKE THE F-5, WILL BE CUT OFF FROM SPARE PARTS AND SERVICE SUPPORT FMS CASH PURCHASES AFTER OCTOBER 1, 1977.

4. I WOULD APPRECIATE THE DEPARTMENT'S CONFIRMATION AS SOON AS POSSIBLE THAT:

- AS WORDED, GOB RENUCIATION PERTAINS TO ALL ELEMENTS OF SECURITY ASSISTANCE, NOT JUST FMS CREDITS AND IMET CONTAINED CONFIDENTIAL

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IN THE FY-78 CPD REQUEST OF \$50.1 MILLION FOR BRAZIL.
- IF THE GOB HAS CUT ITSELF OFF FROM MAKING FMS PURCHASES IN WAKE OF THE RENUNCIATION, THERE ARE ONLY LIMITED (IF ANY) COMMERCIAL MEANS OPEN TO THE BRAZILIANS FOR THE PURCHASE OF F-5 SPARE PARTS AND SUPPORT SERVICES (A POSSIBILITY THAT BRAZILIAN AIR FORCE MAY NOT APPRECIATE).
- DESPITE GOB'S HAVING INDICATED TO US IT WOULD NOT USE FY-77 \$50 MILLION IN FMS CREDITS (REF C), FY-77 CREDITS (IN ADDITION TO ABILITY TO MAKE FMS CASH PURCHASES ON AN FY-77 BASIS) ARE STILL AVAILABLE FOR BRAZILIAN USE SHOULD THEY NOW WANT THEM. GOB MAY WANT TO PURCHASE IN CONTEXT OF FY-77 PROGRAM SUFFICIENT SPARES TO LAST UNTIL OTHER SOURCES OF SUPPLY CAN BE SECURED.

5. AT THIS JUNCTURE, WE INTEND TO CONTINUE COOPERATING WITH THE BRAZILIANS ON THE UTILIZATION OF FY-77 SECURITY ASSISTANCE (FMS CASH SALES AND IMET). MOREOVER, WHILE THE GOB HAS BROUGHT THIS POTENTIALLY SERIOUS PROBLEM ON ITSELF, I BELIEVE THAT THE USG HAS AN OBLIGATION TO HELP SAVE THE BRAZILIANS FROM THEMSELVES, AND THAT WE MUST EXPLORE EVERY POSSIBLE

MEANS AT HAND TO THAT END. THEREFORE, I HOPE SOME MEANS CAN
BE FOUND OF ASSURING ADEQUATE FUTURE SUPPLY OF F-5
SPARES AND OTHER TOP PRIORITY ITEMS.

6. WE ASSUME THAT WASHINGTON IS REVIEWING EFFECTS OF THE
BRAZILIAN RENUNCIATION ON ALL ONGOING PROGRAMS, AND WOULD
APPRECIATE DEPARTMENT'S FINDINGS ASAP.
CRIMMINS

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